



**UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.**

Issued by the Department of Transportation  
on the 9<sup>th</sup> day of September, 2004

Small community air service at

**DICKINSON, NORTH DAKOTA**

under 49 U.S.C. 41731 *et seq.*

**Served: September 14, 2004**

**Docket OST-1995-697**

## **ORDER REQUESTING PROPOSALS**

### **Summary**

By this order, the Department is requesting proposals from carriers interested in providing small community air service at Dickinson, North Dakota, for a future two-year period, with or without subsidy.

### **Background**

By Order 93-6-30, June 22, 1993, the Department designated the community of Dickinson, North Dakota, as a point eligible to receive subsidized small community air service under the provisions of 49 U.S.C. 41736(b), and selected Great Lakes Aviation, Ltd., to begin providing subsidized air service between Dickinson and Denver. The Department renewed the selection of Great Lakes Aviation by a number of orders, most recently by Order 2002-9-1, September 3, 2002. Under the terms of that order, Great Lakes Aviation was awarded an annual subsidy of \$1,540,089 to provide two nonstop round trips to Denver each weekday and each weekend with 30-passenger Embraer Brasilia aircraft, through September 30, 2004.<sup>1</sup> We are nearing the end of that selection period; hence, we will request proposals from all air carriers that may be interested in providing service, with or without subsidy.

### **Request for Proposals**

As discussed in detail below, we have recently streamlined our procedures in response to a more competitive small community air service environment. Carriers interested in filing proposals, with or without subsidy requests, should file them within 30 days of the date of service of this order. At the end of that period, our staff will docket the proposals, thereby making them public, and direct each carrier to serve a copy of its proposal on the civic parties and other applicants.

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<sup>1</sup> Since June 3, 2004, Great Lakes Aviation has been providing three round trips each weekday and each weekend at Dickinson, with significant financial support from the community under a grant it received from the Department's Small Community Air Service Development Program.

Shortly afterwards, we will provide a summary of the proposals to the community and ask it to submit its final comments. We will give full consideration to all proposals that are timely filed.<sup>2</sup>

### **New Procedures**

In the past, we have accepted *initial* carrier proposals, reviewed them, and then negotiated *final* proposals with each applicant before formally presenting the proposals to the communities and asking for their final comments. We found that a two-step process was generally necessary because, in most cases, the incumbent carrier was the only one interested. As a result, we were unable to rely on competition to discipline carrier subsidy requests, and communities had to wait on a protracted selection process. More recently, however, we have noticed that most orders requesting small community air service proposals have drawn interest from at least two carriers, and sometimes more. Under the circumstances, we expect that competition among multiple carriers will ensure reasonable subsidy requests, obviate the need for rate negotiations, and allow us to streamline the carrier selection process.

Consequently, interested carriers should prepare their proposals with every expectation that their initial proposals will also be their *final* and *only* proposals.<sup>3</sup> We retain the discretion to negotiate proposals with carriers when we deem it desirable; in such cases, of course, we will give all applicants the same opportunity. We also retain the discretion to reject outright all unreasonable or unrealistic proposals and resolicit a new round of proposals. However, we anticipate that negotiation or rejection will remain only occasional exceptions to the rule.

We are here providing interested carriers with some basic information to serve as guidance when they prepare their proposals, but we will not prescribe a precise format for their proposals. We expect proposals to adequately describe the service being proposed and the annual amount of subsidy being requested. The applicants can make their own judgments as to the level of detail they wish to present; however, they might want to include proposed schedules as well as supporting data for their subsidy requests, such as projected block hours, revenues and expenses. We strongly encourage clear, well-documented proposals that will facilitate their evaluation by the affected community and the Department. We do not anticipate any change in our selection criteria, or in the general provisions governing subsidy payments for small community air service.<sup>4</sup>

With respect to Dickinson specifically, we expect proposals consisting of service with two-pilot, twin-engine aircraft with at least 15 passenger seats, offering two round trips each weekday and each weekend from Dickinson to Denver. Such service is consistent with what the community

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<sup>2</sup> In cases where a carrier proposes to provide small community air service without subsidy and we determine that service can be reliably provided without such compensation, we do not proceed with the carrier-selection case. Instead, we simply rely on that carrier's subsidy-free service as proposed.

<sup>3</sup> For this reason, we will allow carriers 30 days to submit their proposals, rather than just 20 as in the past. Because the new procedures anticipate that a carrier's first proposal will also be its final proposal, we expect to enforce our filing deadlines more stringently than in the past. Carriers should not expect the Department to accept late filings. The additional 10 days will comfortably accommodate the additional time carriers may find necessary to prepare their proposals.

<sup>4</sup> In selecting a carrier to provide subsidized small community air service, 49 U.S.C. 41733(c)(1) directs us to consider four factors: (1) service reliability; (2) contractual and marketing arrangements with a larger carrier at the hub; (3) interline arrangements with a larger carrier at the hub; and (4) community views. In addition, we have always given weight to the applicants' relative subsidy requirements.

currently receives. We encourage proposals that meet those requirements in an efficient manner. Carriers are also welcome to propose more than one service option, if they choose; they need not limit themselves to those requirements if they envision other, potentially more attractive service possibilities—different hubs, for example—with subsidy requirements that remain competitive. In this connection, we remind prospective applicants that we discussed our concerns with Dickinson’s mounting subsidy cost on page 2 of Order 2002-9-1. We stated, “We strongly encourage the community officials of Dickinson...to work closely with Great Lakes to increase ridership and ultimately to reduce the amount of subsidy required to support the service.” We will review the proposals that may be submitted very closely to determine the extent to which this objective has been met.

### **Service and Traffic History**

Great Lakes Aviation has served Dickinson since 1993, typically over a Williston-Dickinson-Denver routing. During the year ended March 31, 2004, the most recent annual period for which traffic data are available, Dickinson averaged 13.3 enplanements a day. This figure represents a modest increase of 2.3 percent from the level registered during calendar year 2000, prior to the terrorist attacks of September 11.<sup>5</sup>

### **Other Carrier Requirements**

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.<sup>6</sup> Consequently, all carriers receiving federal subsidy for small community air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with the regulations governing lobbying activities. Because the Department is prohibited from paying subsidy to carriers that do not submit these documents, all carriers that plan to submit proposals involving subsidy should be aware that the selected carrier will be expected to complete the required certifications. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053.<sup>7</sup>

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<sup>5</sup> See Appendix A for historical traffic data. Enplanements represent one-half of total origin-and-destination traffic, and average enplanements per day are based on 313 weekdays and weekends a year, except as noted.

<sup>6</sup> The regulations applicable to these areas are: (1) 49 CFR Part 20 -- New restrictions on lobbying; (2) 49 CFR Part 21 -- Nondiscrimination in federally-assisted programs of the Department of Transportation -- Effectuation of title VI of the Civil Rights Act of 1964; 49 CFR Part 27 -- Nondiscrimination on the basis of disability in programs and activities receiving or benefiting from Federal financial assistance; and 14 CFR Part 382 -- Nondiscrimination on the basis of disability in air travel; and (3) 49 CFR Part 29 -- Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

<sup>7</sup> The certifications are also available on the web at <http://ostpxweb.dot.gov/aviation/index.html>.

## Community and State Comments

The community and state are welcome to submit comments on the proposals at any time. As noted earlier, however, we will provide a summary of the proposals to the civic parties and ask them to submit their final comments shortly after the end of the 30-day period for carrier proposals.

This order is issued under authority delegated in 49 CFR 1.56a(f).

### ACCORDINGLY,

1. We request that carriers interested in providing small community air service at Dickinson, North Dakota, submit their proposals, with or without subsidy requests, no later than 30 days after the date of service of this order. The proposals should be sent to the Essential Air Service and Domestic Analysis Division, X-53; Office of Aviation Analysis, Room 6401; Department of Transportation; 400 7th Street S.W.; Washington, DC 20590, with the title "Proposal to Provide Small community air service at Dickinson, North Dakota," with the docket number OST-1995-697;<sup>8</sup>
2. Docket OST-1995-697 will remain open until further order of the Department; and
3. We will serve copies of this order on the Mayor and Airport Manager of Dickinson, North Dakota; the Director, North Dakota Aeronautics Commission; Great Lakes Aviation, Ltd.; and the persons listed in Appendix B.

By:

**KARAN K. BHATIA**  
Assistant Secretary for Aviation  
and International Affairs

(SEAL)

*An electronic version of this document is available  
on the World Wide Web at <http://dms.dot.gov>*

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<sup>8</sup> Questions regarding filings in response to this order may be directed to Luther Dietrich at (202) 366-1046.

Small Community Air Service at Dickinson, North Dakota  
Average Daily Passenger Enplanements Computed from  
Historical Origin-Destination Passenger Traffic

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> <sup>1</sup>	<u>Average annual enplanements</u> <sup>2</sup>	<u>Average enplanements per service day</u> <sup>3</sup>
12/31/1994	7,345	3,762	12.0
12/31/1995	7,316	3,658	11.7
12/31/1996	8,779	4,390	14.0
12/31/1997	7,386	3,693	11.8
12/31/1998	8,140	4,070	13.0
12/31/1999	7,393	3,696	11.8
12/31/2000	8,188	4,094	13.0
12/31/2001	6,979	3,490	11.2
12/31/2002	6,151	3,076	9.8
12/31/2003	7,662	3,831	12.2
3/31/2004	8,335	4,168	13.3

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<sup>1</sup> Source: U.S. Department of Transportation, Bureau of Transportation Statistics (BTS), Form 298-C, Schedule T-1, and Form T-100 for traffic reported by Air Wisconsin and Great Lakes Aviation.

<sup>2</sup> Origin-destination passengers divided by two.

<sup>3</sup> Average annual enplanements divided by 313 effective annual service days, except for the annual periods ended 12/31/1996, 12/31/2000, and 3/31/2004 (314 effective annual service days).

Service List for the State of North Dakota

AirVantage, Inc.  
Amerijet International, Inc.  
Bemidji Airlines  
Big Sky Transportation Co.  
Corporate Air  
Corporate Airlines, Inc.  
Delta Connection  
Dwyer Aircraft Sales, Inc.  
Falcon Aviation, Inc.  
Great Lakes Aviation, Ltd.  
Heartland Aviation, Inc.  
Imperial International, Inc.  
Mesa Airlines, Inc.  
Mesaba Aviation, Inc.  
Midwest Aviation  
Midwest Express Airlines, Inc.  
SkyVantage Corporation  
Thunderbird Aviation, Inc.  
Westward Airways, Inc.

Ken Bannon  
Rick Bauer  
Brad Elstad  
Doug Franklin  
E.B. Freeman  
Douglas Gumula  
A. Edward Jenner  
Lee Mason  
Cory Robin